

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL MUNICH PRIORITY

S E C R E T STATE 243307

STADIS////////////////////////////////

EXDIS

FOLLOWING REPEAT VIENNA 8104 SENT SECSTATE PRIORITY SEPT 28

QUOTE

S E C R E T VIENNA 8104

EXDIS

STADIS

EO 11652: GDS

TAGS: PFOR, XH, AU

SUBJ: HIGH-LEVEL AUSTRIAN EXCHANGES WITH EAST EUROPEAN COMMUNIST
LEADERS

REFS: A. MUNICH 2282, B. VIENNA 8027

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1. BEGIN SUMMARY: BASED ON WHAT WE HAVE HEARD FROM KREISKY,
HIS STAFF, AND OTHER OFFICIAL CONTACTS, WE DO NOT BELIEVE
THE CURRENT ROUND OF HIGH-LEVEL AUSTRIAN -EE EXCHANGES OF
VIEWS REPRESENTS AN IMPORTANT NEW AUSTRIAN INITIATIVE OR

DIRECTION ON INTERNATIONAL SCENE, BUT RATHER CONTINUED PURSUIT BY AUSTRIA OF NUMBER OF SHORT AND MEDIUM-TERM FOREIGN POLICY OBJECTIVES. THE FORMER INCLUDE EXPANSION OF ECONOMIC RELATIONS, LOBBYING FOR REELECTION OF WALDHEIM AND MOVING UNITS TO VIENNA'S UN CITY, AND SETTING FORTH OF AUSTRIAN VIEWS ON SLOVENE MINORITY CONTROVERSY. AMONG LONGER-TERM OBJECTIVES ARE FULLER IMPLEMENTATION BY EE COUNTRIES OF HELSINKI FINAL ACT, MOVEMENT AT MBFR TALKS, AND PROMOTION OF GREATER DIVERSITY AMONG EE COUNTRIES. "INFORMAL, PRIVATE" NATURE OF TALKS ACCORDS WITH HIGHLY PERSONALIZED KREISKY STYLE IN CONDUCT OF DIPLOMACY. HIS INITIATIVES ARE HELPFUL DOMESTICALLY TO HIS IMAGE AS AN INTERNATIONAL FIGURE, AND THUS ARE LIKELY TO CONTINUE. END SUMMARY.

2. AUSTRIA IS CURRENTLY ENGAGED IN A FAIRLY INTENSE ROUND OF HIGH-LEVEL EXCHANGES OF VIEWS WITH EAST EUROPEAN COMMUNIST GOVERNMENTS. PRESIDENT KIRCHSCHLAEGER WAS IN BULGARIA SEPTEMBER 13-17 FOR AN OFFICIAL STATE VISIT. KREISKY SAW KADAR AND LAZAR AT LAKE BALATON, SEPTEMBER 11-12, AND GIEREK AND JAROSZEWICZ NEAR WARSAW SEPTEMBER 16-20, BOTH VISITS BEING DESCRIBED AS NON-OFFICIAL BY CHANCELLOR'S OFFICE. ROMANIAN PRIME MINISTER MANESCU IS IN AUSTRIA SEPTEMBER 27-30 ON STATE VISIT.

3. WE HAVE BEEN IN TOUCH WITH CHANCELLOR'S OFFICE ON THESE MATTERS, AND HE HAS GIVEN US WHAT I CONSIDER REASONABLE BUT INCOMPLETE EXPLANATION FOR CURRENT ROUND OF AUSTRIA CONSULTATIONS WITH TOP EAST EUROPEAN LEADERS. WE HAVE ALSO RAISED SUBJECT AT SUB-CABINET LEVEL IN MFA AND WITH OTHER GENERALLY WELL INFORMED SOURCES. RESPONSES SUGGEST THAT CROWDING OF VISITS MORE COINCIDENTAL THAN PART OF ANY CAREFULLY PLANNED DESIGN. RESPONSES GIVE NO CREDENCE TO SPECULATION THAT GOA MAY BE MOUNTING SPECIAL DIPLOMATIC INITIATIVE OF SOME SORT. OUR SOUNDINGS INDICATE THAT GOA EFFORT IS IN SECRET

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SUPPORT OF SEVERAL SHORT AND MEDIUM-TERM FOREIGN POLICY OBJECTIVES AND ALSO RELATES TO KREISKY'S PERSONAL STYLE OF DIPLOMACY.

4. SHORT-TERM OBJECTIVES. THESE INCLUDE A) FURTHER EXPANSION OF AUSTRIAN-EAST EUROPEAN ECONOMIC RELATIONS. ACCORDING TO KREISKY, HUNGARIAN, POLISH AND BULGARIAN LEADERS INDICATED STRONG DESIRE TO EXPAND TRADE WITH AUSTRIA, AND IT IS ANTICIPATED THAT SIMILAR WISH WILL BE REGISTERED BY ROMANIANS. VARIOUS POTENTIAL OR PENDING PROJECTS WERE CITED, BUT SOME SKEPTICISM IS WARRANTED AS TO ACTUAL PROSPECTS OF THEIR REALIZATION. ANNOUNCEMENTS OF NEW FOREIGN CONTRACTS NEVERTHELESS

ARE HELPFUL FOR KREISKY GOVERNMENT AND DOVETAIL WITH GOA'S CURRENT STRESS ON FULL EMPLOYMENT AS NUMBER ONE CONCERN AT HOME. SOME OFFICIAL SOURCES HOWEVER ARE BEGINNING TO SERIOUSLY QUESTION CONTINUING EXPANSION OF CREDIT TO AND GROWING INDEBTEDNESS TO EAST EUROPEAN COUNTRIES AS BASIS FOR SUCH TRANSACTIONS. ADDED CONSIDERATION IS GROWING PRESSURES FROM EAST EUROPEAN COUNTRIES TO BRING ABOUT MORE BALANCED TRADE BY OPENING AUSTRIAN MARKET TO MORE EAST EUROPEAN GOODS. WHATEVER ARE LONG-TERM IMPLICATIONS OF SUCH TRANSACTIONS, EXPANSION OF BILATERAL ECONOMIC RELATIONS WITH EASTERN EUROPE REMAIN IMMEDIATE PRIORITY OBJECTIVE OF GOA, AND ROUND OF CURRENT VISITS SERVES THIS PURPOSE WELL.

B) REELECTION OF WALDHEIM. KREISKY SAID HE RAISED MATTER WITH BOTH HUNGARIAN AND POLISH LEADERS AND FELT HE HAD RECEIVED POSITIVE RESPONSE. HE OPINED THAT NO SERIOUS CONTENDER TO WALDHEIM HAS COME FORWARD, AND EE COUNTRIES CONSIDER WALDHEIM A KNOWN FACTOR AND ARE PREPARED TO SUPPORT HIS REELECTION. C) VIENNA UN CITY. KREISKY SOUNDINGS WITH EAST EUROPEAN LEADERS LEAD HIM TO BELIEVE THEY WILL SUPPORT MOVE OF SOME UN UNITS TO VIENNA FOR REASONS OF EE POLITICAL OPTICS AND CONVENIENCE. KREISKY EXPANDED ON THIS THEME BY REGISTERING HIS UMBRAGE AT WHAT HE CONSIDERED SWISS BEHIND-SCENE EFFORT TO DISCREDIT AUSTRIA BY CLAIMING GENEVA IS PRO-WESTERN IN OUTLOOK WHILE VIENNA SHOULD BE PRO-EASTERN. KREISKY EMPHASIZED POINT SECRET

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THAT AUSTRIAN AND VIENNA ARE AS MUCH A PART OF WEST AS SWITZERLAND AND GENEVA, AND THAT THERE SHOULD BE NO DOUBT CONCERNING WHERE SYMPATHIES OF AUSTRIANS LAY. SEARCH FOR SUPPORT AMONG EE COUNTRIES ON ITEM IS PART OF DETERMINED AUSTRIAN EFFORT, FOR DOMESTIC POLITICAL REASONS, TO RESOLVE MATTER OF FILLING SPACE AT VIENNA UN CITY PRIOR TO 1979 NATIONAL ELECTIONS. D) SLOVENE MINORITY CONTROVERSY. WE SUSPECT KREISKY ALSO TOOK OPPORTUNITY IN INFORMAL TALK TO SET OUT AUSTRIAN VIEWS ON ITS HANDLING OF THORNY SLOVENIAN MINORITY CONTROVERSY WHICH HAS SOURED AUSTRO-YUGOSLAV RELATIONS MOST RECENTLY. AUSTRIAN PRESIDENT REPORTEDLY DID DO TO BULGARIAN HOSTS. GOA CLAIMS THAT ITS RECENTLY ADOPTED "PROMOTION OF MINORITIES" LEGISLATION IS MOST ADVANCED IN EUROPE, AND THAT SLOVENIANS AND THEIR YUGOSLAV SUPPORTERS ARE BEING TOTALLY UNREASONABLE IN OPPOSING LANGUAGE CENSUS, SCHEDULED NOVEMBER 14, AS BASIS FOR LATER ERECTION OF BILINGUAL ROAD SIGNS IN COMMUNITIES WITH AT LEAST 25 PERCENT MINORITY. DISCUSSIONS WITH EE LEADERS CAN BE SEEN AS PART OF GOA EFFORT TO PREPARE FOR POSSIBLE YUGOSLAV MOVE ON ISSUE BEFORE 31ST UNGA OR OTHER INTERNATIONAL FORA

THIS FALL.

5. MEDIUM-TERM AIMS. CURRENT ROUND OF VISITS IS ETSO IN SUPPORT OF GOA EFFORTS RE.A) BELGRADE '77. KREISKY SAID THAT WITH BOTH LAZAR AND GIEREK HE MADE STRONG PITCH THAT UNLESS MORE POSITIVE RESULTS WERE FORTHCOMING ON IMPLEMENTATION OF HELSINKI FINAL ACT, BELGRADE WOULD TAKE ON IN EFFECT TRAPPINGS OF FUNERAL WAKE. SUCH DEVELOPMENT WOULD NOT, HE FELT, BE IN INTEREST OF EITHER EE COUNTRIES OR AUSTRIA. AT SAME TIME EE AND SOVIET UNION SHOULD REALIZE THAT ANY REPEAT OF MAGNITUDE OF HELSINKI EVENT WILL NOT BE POSSIBLE AND SUGGESTED THAT LAZAR AND GIEREK TRY TO MAKE THEIR "EASTERN FRIENDS" UNDERSTAND THAT GREATER MOVEMENT, PARTICULARLY ON BASKET III, WOULD BE NECESSARY IF BELGRADE IS TO BECOME EVEN MODEST SUCCESS. KREISKY SAID REACTION WAS ENCOURAGING AT LEAST IN SENSE THAT NO EFFORT WAS MADE TO CLAIM EE AND SOVIETS HAD GONE LONG WAY IN IMPLEMENTING FINAL ACT. B) DISARMAMENT.

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ON THIS TOPIC, TOO, KREISKY REPORTEDLY URGED UPON LAZAR AND GIEREK NEED TO SHOW MORE FLEXIBILITY IN MBFR TALKS IN VIENNA AND TO GENERATE SOME RESULTS, EVEN IF OF MODEST NATURE. IN LOOKING AT ISSUE, WARSAW PACT WOULD, ACCORDING TO KREISKY'S PRESENTATION TO EE LEADERS, HAVE TO RECOGNIZE PRINCIPLE OF SOME ASYMMETRY IN REDUCTIONS, IF BALANCE OF SECURITY IS TO BE MAINTAINED FOR BOTH SIDES. IN HIS COMMENTS TO LAZAR AND GIEREK, KREISKY INDICATED THAT THERE WAS PSYCHOLOGICALLY A CONNECTION BETWEEN BELGRADE '77 AND MBFR, AND THAT CONTINUED IMPASSE ON MBFR CAN ONLY HAVE ADVERSE IMPACT ON PROSPECTS FOR BELGRADE '77. KREISKY MENTIONED IN SAME CONTEXT HEAVY BURDEN OF ARMAMENTS ON EUROPEAN COUNTRIES AND GROWING PRESSURES FROM THIRD WORLD FOR REDISTRIBUTION OF WORLD WEALTH. GEIREK'S RESPONSE WAS REPORTDELY "VERY POSITIVE." HE ADMITTED POLAND'S ARMAMENTS BURDEN WAS HEAVEY ONE, NOTED THAT POLAND WAS CONCERNED AT MOMENT WITH MAJOR INTERNAL PROBLEMS AND THAT POLAND'S DEFENSE NEEDS WERE NOT SAME AS USSR'S WHICH MUST BE CONCERNED WITH GLOBAL APPROACH TO DEFENSE.

6. LONG-TERM OBJECTIVE. PROMOTION OF GREATER EE DIVERSITY: IN ACCORD WITH GENERAL OPERATIONS PRINCIPLE OF AUSTRIAN FOREIGN POLICY, KREISKY DOES NOT VIEW EE COOUNTRIES AS BELONGING TO MONOLITHIC BLOC, AND THERFORE AUSTRIAN FOREIGN POLICY VIS-A-VIS EE IS TAILORED TO PROMOTE CLOSER RELATIONS WHERE FEASIBLE (HUNGARY, POLAND, BULGARIA, ROMANIA) AND TO MAINTAIN "PROPER" RELATIONS WHERE CURRENT SITUATION INHIBITS FOR ONE REASON OR ANOTHER BETTER RELATIONS (CSSR, GDR AND YUGOSLAVIA.) THUS FOR AUSTRIA, RELATIONSHIP WITH

EACH EE COUNTRY DIFFERS, DEPENDING OF HISTORICAL HERITAGE, NATURE OF REGIME AND ECONOMIC-CULTURAL OPPORTUNITIES. KREISKY MADE FOLLOWING SPECIFIC OBSERVATIONS ON COUNTRY-BY-COUNTRY BASIS: 1) HUNGARY. RELATIONS ARE EXCELLENT AND DEVOID OF ANY MAJOR PROBLEMS FROM AUSTRIAN VIEWPOINT. WEB OF RELATIONSHIPS CONTINUES TO EXPAND AND AUSTRIA FEELS IT IS MAKING USEFUL CONTRIBUTION IN MOVING HUNGARIAN LEADERSHIP TO ACCEPTANCE OF GREATER RELATIVE DIVERSITY ON INTERNAL SCENE. 2) POLAND. RELATIONS ARE VERY GOOD AND
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CONTINUE TO IMPROVE AND EXPAND. HISTORY AND GEOGRAPHY MAKE AUSTRIA NATURAL PARTNER FOR POLAND. COOPERATION THEREFORE BEING INCREASED IN MANY AREAS, EXCLUDING OBVIOUS POLITICAL-IDEOLOGICAL ONE. 3) BULGARIA. BEING QUITE DISTANT, BULGARIA ENJOYS GOOD, BUT NOT VERY INTENSE, RELATIONS WITH AUSTRIA. NATURE OF BULGARIAN ECONOMY AND LIMITED COMPETITIVE POTENTIAL OF BULGARIAN PRODUCTS ON AUSTRIAN MARKETS SUGGEST NO GREAT EXPECTATIONS ON ECONOMIC SIDE. 4) ROMANIA. AUSTRIA'S RELATIONS WITH ROMANIA ARE GOOD AND CONTINUE TO EXPAND.

5) CSSR. SLOW IMPROVEMENT OF RELATIONS FOLLOWING ESTABLISHMENT OF MIXED BORDER COMMISSION TO HANDLE INNOCENT BORDER VIOLATIONS AND SIGNATURE OF PROPERTY CLAIMS AGREEMENT HAS BEEN SET BACK BY CSSR DEMARCH ON SCHEDULED SUDETEN GERMAN MEETING IN AUSTRIA IN 1977. DIFFERENCES OVER INTERPRETATION OF MEDIA FREEDOM ARE ALSO HAMPERING IMPROVEMENT IN RELATIONS. 6) GDR. RELATIONS WITH GDR TEND TO FUNCTION OF FRG-GDR RELATIONS, AND REMAIN COOL BUT PROPER AT THIS TIME.

7) YUGOSLAVIA. HERTOFOR EXCELLENT BILATERAL RELATIONS HAVE DETERIORATED AS SLOVENIAN MINORITY CONTROVERSY HAS ROUSED FEELINGS ON BOTH SIDES.

7. KREISKY IMAGE AS STATESMAN. CURRENT ROUND OF EXCHANGES BY KREISKY REFLECTS CHANCELLOR'S HIGHLY PERSONALIZED STYLE OF CONDUCTING FOREIGN AFFAIRS WITH MINIMUM OF PROTOCOL ON SUBSTANTIVE TOPICS IN INFORMAL SETTING. KREISKY FEELS THAT BY ESTABLISHING WHAT HE CONSIDERS CLOSE PERSONAL RELATIONS HE IS ABLE TO SPEAK OPENLY ON CONTROVERSIAL SUBJECTS AND THEREFORE MAKE MAXIMUM IMPACT ON HIS LISTENERS. SUCH INFORMAL DISCUSSIONS, IN ABSENCE OF OTHER GOVERNMENT OR PARTY OFFICIALS, ALLOW KREISKY TO PROJECT IMAGE OF ACTIVITY ON BEHALF OF AUSTRIA AND TO KEEP PRESS INVOLVED IN WRITING ABOUT HIS ACCOMPLISHMENTS. CITATION OF VARIOUS BILATERAL TRADE AND INVESTMENT PROJECTS PENDING OR AGREED UPON SERVES SUCH PURPOSE. CHANCELLOR'S MEETINGS WITH EAST EUROPEAN LEADERS HAVE NOT BEEN ENTHUSIASTICALLY

RECEIVED IN MFA, PRIMARILY BECAUSE OF ABSENCE OF
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INFORMATION FLOW TO MFA STAFF ON SPECIFICS AND BECAUSE
OF WHAT MFA CONSIDERS QUESTIONABLE VALUE TO AUSTRIAN
NATIONAL INTEREST -- NAMELY SLIGHT COLITICAGOS:
ECONOMIC RESULTS -- OF SUCH VISITS. THESE CONSIDERATIONS
WILL NOT , HOWEVER, DEFLECT KREISKY FROM
CONTINUING TO SERVE AS HIS OWN FOREIGN MINISTER AND, IN
REGARD TO EE REGION, FROM PROMOTING CLOSE PERSONAL
CONTACTS WITH TOP COMMUNIST LEADERSHIP OF EASTERN ERUOPE.

8. DEPARTMENT MAY WISH TO PASS THIS MESSAGE TO CONGEN
MUNICH FOR RFE. WE HAVE NO OBJECTION, BUT BECAUSE
KREISKY IS SOURCE, IT SHOULD BE UNDERSTOOD AS BEING ON
STRICK BACKGROUND BASIS FOR RFE U.S. MANAGEMENT ONLY.
CHANCELLOR ASKED SPECIFICALLY THAT HIS CONVERSATIONS
WITH EE LEADERS ON BELGRADE '77 AND OTHER MATTERS BE
CLOSELY HELD. BUCHANAN

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